WDTO

4 February 1958

MEMORANDUM FOR GENERAL RITLAND

SUBJECT: Exclusion of Hardware Clause in the R-W Contract

1. Reference our conversation this morning, the "Exclusion of Hardware" clause in the current R-W contract reads as follows:

> "The Contractor agrees that due to its unique position in the administration and supervision of the Program contemplated hereunder, the Ramo-Wooldridge Corporation will not engage in the physical development or production of any components for the use in the ICBM and IRBM contemplated herein, except with the express approval of the Assistant Secretary of the Air Force (Material) or his authorized representative."

These words are first found in a letter from General Schriever to ARDC in October 1954 and were compiled as a result of the 3 September meeting in Mr. Lewis' office. They were placed in the R-W contract in Supplement #4, dated 16 September 1955.

2. Incidental to the hardware exclusion problem, Max Golden is giving BMO a hard time on the removal of ARS from this exclusion clause (ARS got in by accident about 18 months ago). You mentioned wanting to increase the scope of effort on 117L to include systems engineering. The timing would seem inappropriate to add the words "systems engineering" in conjunction with 117L. It seems reasonable at this point that R-W will get the contract from Rome for the infra-red job. I am sure that Max Golden will interpret this as hardware production and would then consider that giving R-W systems engineering on 117L would create a conflict of interests. Personally, I don't think that such a conflict would exist in reality; however, I am bringing this matter to your attention only so that you and General Schriever can be made aware of the fact that we should probably clean up the present problem with Max Golden before starting a potential second one.

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